

# High fuel prices on Waiheke Island

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## Background

Under the Fuel Industry Act 2020 (the Act), the Commerce Commission (Commission) has a responsibility to monitor competition in the retail fuel sector.<sup>1</sup> While the Commission does not have the authority to set retail fuel prices, in July 2024 the Commission made enquiries into prices on Waiheke Island (Waiheke) because of the substantial difference between prices on Waiheke, and prices in the rest of Auckland.

We would expect prices on Waiheke to be higher because of the additional cost of transporting fuel to Waiheke via ferry. However, it was unclear how much of the approximately 80 cents per litre difference in prices between Waiheke and other Auckland stations was explained by this additional cost.<sup>2</sup>

Waiheke has three fuel stations, which we consider a relatively high number of stations given the small size of the local market. We contacted these three fuel retailers, along with their suppliers, to request information regarding their costs, volumes, and their price setting practices (revenues). To the extent that sales volumes have fallen in recent years, this may have placed some pressure on retailers' margins.

## Key Findings

We found that:

- > The additional cost to supply fuel to Waiheke, particularly freight, accounts for less than one-third of the price difference between prices on the island and those in Auckland; and
- > While high prices alone are not evidence of anticompetitive conduct, in a competitive market we would expect prices to reflect the cost to supply fuel at the pump. This is not the case on Waiheke. Consequently, competition between the three retailers on Waiheke appears weaker than we would expect.

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<sup>1</sup> Refer section 3 of the Act.

<sup>2</sup> A price differential of \$0.83 was calculated based on the average price for Regular 91 fuel in the second quarter of 2024 at the three stations on Waiheke compared to all stations in Auckland (including Waiheke).

## Conclusion

Demographic trends, along with a shift towards increased fuel efficiency and the uptake of electric vehicles, means that Waiheke may be experiencing a reduction in retail fuel demand more acutely than elsewhere in the country. This can place upward pressure on prices as fuel retailers seek to recover fixed costs with declining revenues.

We encourage the fuel retailers on Waiheke to consider how they can best compete for their customers' business. This could include one or more retail stations on the island converting to lower-cost, unstaffed stations—which our previous analysis shows has led to reduced prices in other local markets.<sup>3</sup>

We also encourage consumers on Waiheke to compare prices across the stations at Oneroa, Ostend, and Onetangi, via apps such as Gaspy. We will continue to monitor the market on Waiheke and appreciate the input we received from motorists, fuel retailers, and their suppliers.

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<sup>3</sup> See summary report: [Impact-of-new-unstaffed-retail-petrol-stations-on-fuel-prices.pdf](#)